

Message Text

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S E C R E T KINGSTON 1876

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E.O. 11652: GDS

TAGS: EFIN, EMIN, JM, US

SUBJ: BAUXITE NEGOTIATIONS SITREP 71: GOLDBERG

MEETS WITH MANLEY AND OTHERS

REF: KINGSTON 1877

1. JUSTICE ARTHUR GOLDBERG MET WITH PM MANLEY FOR NEARLY TWO HOURS OVER BREAKFAST YESTERDAY MORNING WITH NO OTHERS PRESENT. LATER IN THE MORNING GOLDBERG LED THE VISITING CHIEF EXECUTIVE OFFICERS OF THE COMPANIES ON A 20-MINUTE COURTESY CALL ON THE PM. FOLLOWING THIS MEETING GOLDBERG HAD A LENGTHY ONE-ON-ONE MEETING WITH MEYER MATALON AND AFTER LUNCH HE MET AGAIN WITH MATALON AND PATRICK ROUSSEAU, CHAIRMAN OF THE BAUXITE COMMISSION, IN A SESSION THAT OCCUPIED MOST OF THE AFTERNOON. CEOS PRESENT IN KINGSTON YESTERDAY INCLUDED MAIER OF KAISER, MCCONNELL OF REYNOLDS, AND HARPER OF ALCOA. REVERE, ANACONDA, AND ALCAN CEOS DECIDED NOT TO TRAVEL TO JAMAICA AT THIS TIME. INDUSTRY NEGOTIATORS CUTLER AND ROSE ALSO PRESENT.

2. WE HAVE LITTLE INFORMATION ON GOLDBERG'S PRIVATE CONVERSATIONS WITH PM MANLEY AND ROUSSEAU EXCEPT THAT JAMAICANS WENT OUT OF THEIR WAY TO BE CORDIAL AND CONCILIATORY IN THE TONE OF THEIR DISCUSSIONS. THE TONE OF PM'S MEETING WITH CEOS WAS ALSO EXTREMELY FRIENDLY AND CORDIAL. ACCORDING TO GOLDBERG HIS CONVERSATIONS WERE CONFINED TO GENERALITIES AND PRINCIPLES AND HE DID NOT GET INTO SPECIFICS IN EITHER REVENUE OR THE OTHER ISSUES.

HOWEVER IT WAS ARRANGED THAT HE WOULD MEET IN WASHINGTON WITH

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MATALON AND ROUSSEAU ON MONDAY, JUNE 3 TO DISCUSS BOTH ISSUES AND

PROCEDURES, AND THAT HTIS MEETING MIGHT LEAD TO ADDITIONAL MEETINGS WITH INDUSTRY NEGOTIATORS CUTLER AND ROSE NEXT WEEK.

3. DESPITE THE FAVORABLE ATMOSPHERICS IT SEEMS LIKELY THAT LITTLE OR NO PROGRESS WAS MADE ON SUBSTANCE AS A RESULT OF GOLDBERG'S FIRST ENGAGEMENT WITH THE ISSUES AT STAKE IN THE BAUXITE NEGOTIATIONS. IMMEDIATELY AFTER HIS MEETING WITH GOLBERG, PM MANLEY GAVE A PRESS CONFERENCE IN WHICH HE SAID UNEQUIVOCALLY THAT THE REVENUE ISSUE WAS CLOSED AND THAT THE RELEVANT LAWS WOULD BE PASSED SHORTLY (REFTEL). ON THE OTHER HAND, MATALON AND ROUSSEAU APPARENTLY TOLD GOLDBERG THAT THEY WOULD BE WILLING TO DISCUSS REVENUE ISSUES IN THE TALKS BEGINNING NEXT WEEK IN WASHINGTON, AND THAT, LIKE ANY OTHER LAW, THE NEW BAUXITE LAWS COULD BE AMENDED IF NECESSARY.

4. COMMENT: AS IS HIS CUSTOM, JUSTICE GOLDBERG IS PLAYING HIS CARDS CLOSE TO HIS CHEST. IT IS CLEAR THAT HE HAS CHOSED THE ROLE OF ARBITER BETWEEN THE GOJ AND THE INDUSTRY RATHER THAN CHIEF NEGOTIATOR FOR THE INDUSTRY AND THAT HE WILL TO TO LENGTHS TO MAINTAIN HIS INDEPENDENCE AND CREDIBILITY WITH RESPECT TO BOTH PARTIES AND ALSO WITH RESPECT TO THE USG. HE TOLD CHARGE PRIVATELY WEDNESDAY AFTERNOON THAT HE THOUGHT IT WAS VERY LATE IN THE DAY FOR HIM TO PLAY A DECISIVE ROLE, BUT HE WAS WILLING TO GIVE IT A TRY. HOW LONG HE CONTINUES WILL PROBABLY DEPEND ON THE MEETINGS EARLY NEXT WEEK AND WHETHER HE CONCLUDES THAT THE GOJ IS INTERESTED IN A GENUINE NEGOTIATION AND WILLING TO CONSIDER SOME CONCESSIONS, OR WHETHER IT IS SIMPLY CONCERNED WITH COSMETICS.

5. THE GOJ IS PROBABLY STRUGGLING WITH ADILEMA. ON THE ONE HAND, ITS WORDS AND ACTIONS LEAVE LITTLE DOUBT THAT IT IS GENUINELY ANXIOUS TO AVOID A LEGAL AND POLITICAL CONFRONTATION WITH THE COMPANIES AND THE USG IF IT CAN DO SO. ON THE OTHER HAND, IT IS PROBABLY NOT PREPARED TO MAKE SUBSTANTIAL ALTERATIONS IN ITS GOALS AND OBJECTIVES AND, INDEED, HAS LEFT ITSELF VERY LITTLE FLEXIBILITY TO DO SO BY VIRTUE OF THE PM'S PUBLIC DECLARATION OF THOSE GOALS AND OBJECTIVES. THE INDUSTRY IS FRANKLY SCEPTICAL OF ANY REAL PROGRESS AT THIS LATE DATE DESPITE GOLDBERG'S REPUTATION FOR PULLING RABBITS OUT OF HATS, BUT FEELS IT MUST PURSUE CONVERSATIONS AS LONG AS THERE IS ANY OPPORTUNITY TO DO SO.

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6. IF GOLDBERG DECIDES TO CONTINUE TO PLAY A ROLE IN THE NEGOTIATIONS HIS PARTICIPATION MAY AFFECT BOTH THEIR CHARACTER AND THE PROCEDURES FOLLOWED TO A CONSIDERABLE DEGREE. IF NOTHING ELSE GOLDBERG'S ROLE MAY LEAD TO A PARTIAL CHANGE OF VENUE FROM KINGSTON TO WASHINGTON SINCE HE IS UNLIKELY TO WANT TO SPEND A GREAT DEAL OF TIME IN JAMAICA. SECONDLY, THE NEXT PHASE OF THE NEGOTIATION MAY BE MORE COMPANY-BY-COMPANY THAN THE FIRST PHASE WAS.

JAMAICAN NEGOTIATORS GOT THOROUGHLY FED UP WITH THE CUMBERSOME COMPANY-WIDE NEGOTIATIONS DURING THE FIRST PHASE AND THE COMPANIES ARE PRESUMABLY NONE TOO HAPPY WITH THEIR OWN LAWYERS AT THIS POINT. GOLDBERG'S PRESENCE AS SEMI-INDEPENDENT ARBITER COULD PERMIT MORE STREAMLINED INDIVIDUAL TALKS WITHOUT MAKING THE COMPANIES FEEL THEY WERE BEING SALAMIED TO DEATH. FINALLY, ONE OF THE PROBLEMS TO DATE HAS BEEN THAT THE GOJ SIMPLY DOES NOT TRUST FIGURES OR ANALYSES PRODUCED BY THE COMPANIES, EITHER BECAUSE IT HAS FAITH IN ITS OWN FIGURES AND ANALYSES WHICH THUS FAR IT HAS NOT REVEALED TO ANYONE,OR SIMPLY OUT OF PRINCIPLE. IF GOLDBERGWERE TO ENDORSE FIGURES PRODUCED BY EITHER SIDE AFTER STUDYING THEM THERE MIGHT BE SOME AGREEMENT AT LEAST ON WHAT THE FACTS ARE BECAUSE OF THE RESPECT BOTH PARTIES HAVE FOR HIM AND FOR HIS GREAT KNOWLEDGE OF THE INDUSTRY. THIS ALONE WOULD BE A STEP FORWARD.

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